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DE RUEHMU #1207 1292145
ZNR UUUUU ZZH
R 092145Z MAY 07
FM AMEMBASSY MANAGUA
TO RUEHC/SECSTATE WASHDC 0156
INFO RUEATRS/DEPT OF TREASURY WASHINGTON DC
RUEHZA/WHA CENTRAL AMERICAN COLLECTIVE

UNCLAS MANAGUA 001207

SIPDIS

STATE FOR WHA/CEN GSCHIFFER, EB/IFD/OIA, L/CID AND WHA/EPSC
TREASURY FOR INL MDONOVAN AND GCHRISTOPOLUS, OWH/MSHWARZMAN
STATE PASS TO USTR

SENSITIVE
SIPDIS

E.O. 12958: N/A

TAGS: [EINV](#) [ECON](#) [USTR](#) [KIDE](#) [NU](#)
SUBJECT: NICARAGUA: NEW PROPERTY SUPERINTENDENT ON PROSPECT FOR
RESOLUTIONS BEFORE WAIVER YEAR ENDS

REF: (A) MANAGUA 0626

(B) MANAGUA 0862

¶1. (SBU) SUMMARY: EconCouns and Econoff met with Property Superintendent Mireya Molina on April 25 to stress the importance of accelerating resolutions for confiscated and expropriated American citizen properties in Nicaragua. As of the date of that meeting, the Office of the Property Superintendent had not produced a single resolution since Molina assumed her position on January 25, 2007. In July, the Secretary of State must decide whether to grant a waiver to Section 527 of the Foreign Relations Authorization Act (Fiscal Years 1994 and 1995). Molina told EconCouns that as of April 25, the Office of Quantification and Indemnification was actively reviewing claims. She warned that valuations would be lower than before. END SUMMARY.

¶2. (SBU) On April 25, EconCouns and Econoff met with Property Superintendent Mireya Molina (Ref A) to stress the importance of accelerating resolutions for confiscated and expropriated American citizen properties in Nicaragua. As of the date of that meeting, the Office of the Property Superintendent had not produced a single resolution since Molina assumed her position on January 25, 2007 (Ref B). EconCouns explained that, in July, the Secretary of State must decide whether to grant a waiver to Section 527 of the Foreign Relations Authorization Act (Fiscal Years 1994 and 1995). Section 527 prohibits U.S. economic assistance to, or support in, international financial institutions for any country where U.S. citizens have not received adequate or effective compensation for outstanding claims against the government for confiscated property. Section 527 may be waived if the Secretary deems that it is in the interest of national security.

¶3. (SBU) Molina told EconCouns that as of April 25, the Office of Quantification and Indemnification was in fact actively reviewing American citizen claims. She reported that 43 claims were undergoing assessment, 119 had moved to first appeal status, and 76 were already in second appeal status. (Note: Claimants are entitled to two appeals if they disagree with the government's valuation of their property. The second appeal is the last chance to maximize settlement, which may be accomplished via Property Indemnification Bonds (BPIs), landswap, or the rare return of property. Bonds issued by the government are frequently unacceptable to American claimants because resale values are low.)

¶4. (SBU) Molina's numbers are at some variance with those provided by Hortensia Aldana (please protect), former Head of the Office of Quantification and Indemnification and current advisor to Property Superintendent Molina. Prior to our meeting with Molina, Aldana provided us with a copy of the "Plan to Evaluate and Perform Activities to Resolve Waiver Database Property Claims." The Plan

details the status of American citizen claims and a timetable for their review and settlement, listing 46 cases in assessment status, 146 cases in first appeal status, and 88 cases in second appeal status.

¶5. (SBU) Molina warned EconCouns that from now on valuations would be lower than those based on a matrix of values interpolated from the Cadastral Index used in the past as a guide. She did not explain how much lower they would be, but indicated that the reason was the lack of funds. She argued that upcoming offers, though lower in value than before, should be "treated seriously."

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